

SECRET

Executive R-1-127

67-540

11 FEB 1967

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Employment of Retired Annuitants

1. During our meeting of 16 January 1967 with the Director of Personnel you requested that a policy statement be prepared for publication that would establish the ground rules applicable to the employment of retired annuitants in the Agency.

2. Attached is a proposed notice [redacted] which I believe would satisfy your request with respect to civilian annuitants. (Policies regarding military retirees are being developed separately.) Drafted originally last summer, the attached notice is now in the final stages of coordination which should be completed within the next two weeks or so.

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3. It is intended that in due course the provisions of this notice will be incorporated in an appropriate regulation. However, it has been proposed as a "notice" in the thought that we would want to live with its policies and procedures for a while on a trial-and-error basis before casting them in concrete.

→ when coordinated
I would like to
review with DCD
before publication.

Att: Proposed Notice

[redacted]
R. L. Baunerman
Deputy Director
for Support

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[redacted]

13 Feb 67

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SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED		CONFIDENTIAL	
		SECRET	
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Executive Director - Comptroller 7E-12 Hqs.	2/13	W
2	DDS	14 Feb	VJ
3	Mr. Vance		
4			
5			
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
Remarks:			
<p><i>Please see notes</i></p> <p><i>W</i></p>			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
Deputy Director for Support 7D-18 Hqs.			
UNCLASSIFIED		CONFIDENTIAL	
		SECRET	

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This Notice Expires 1 September 1967

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CONTRACT EMPLOYMENT OF ANNUITANTS

1. POLICY

- a. In general it is expected that employees, upon retirement, will sever active connection with the Agency. A civilian annuitant, whether retired from this Agency or from any other agency of the Government, may not be hired in any contractual capacity, whether as a contract agent (independent contractor), contract employee (Type A or Type B), or a consultant, without the specific prior approval of the Deputy Director concerned and the Director of Personnel. Such approval will be granted only in cases where annuitants have unique skills required by the Agency for which there is a specific requirement of limited duration in the United States or foreign field which cannot be met as effectively by the utilization of other personnel. If the annuitant at any time has served in a cover status, coordination with the Central Cover Staff will be effected.
- b. A retired Agency employee will not be rehired to perform essentially the same duties he was performing before retirement unless the Operating Official concerned certifies that a critical situation prevails. If approval is granted, the contract shall be limited to a period of one year with the understanding that it will be terminated earlier if a suitable replacement can be obtained.

(Job #4635-B-JTB)

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GROUP 1
Excluded from automatic
downgrading and
declassification

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2. GENERAL GUIDELINES

- a. Except as stated in paragraph 1b above, a contract with an annuitant may be written for a period not to exceed two years and will normally contain a 30-day termination clause. Renewal will be based on and justified by evidence of a continuing need and the demonstrated effectiveness of the annuitant.
- b. Parties to the contract must realize that to be viable there must be "value received" for both parties. When the value to either party declines or ceases, the contract is to be terminated forthwith. Rehired annuitants must recognize the risks involved in such an arrangement.

3. SPECIFIC GUIDELINES

a. CONTRACT EMPLOYEES

- (1) The gross contractual salary of a reemployed annuitant will be determined by the nature of the duties he performs except that it may not exceed, even in cases of full-time employment, the current salary of the grade and step held at time of retirement. Compensation on less than a full-time basis will be computed at the hourly rate. (Under present law and Civil Service Commission regulations, when a civilian Government employee retired for longevity is rehired as an employee, his annuity continues but his gross contractual salary is reduced by the amount of that annuity. In a few cases, the annuity is stopped when an individual is reemployed, and in those cases no reduction of contractual salary is necessary. Regardless of the procedure involved, a reemployed annuitant may not receive a combination of salary payments and annuity payments

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which exceeds the gross contractual salary of the duties he performs during the period of his reemployment.)

- (2) Supervisors of reemployed annuitants shall prepare fitness reports following the procedures applicable to staff personnel. The first report shall be prepared during the ninth month after the effective date of the contract.

***Subsequent reports shall be prepared annually thereafter for the duration of the contract. The fitness report shall be reviewed by the Operating Official concerned and a copy forwarded to the Contract Personnel Division, Office of Personnel.

b. CONTRACT AGENTS (INDEPENDENT CONTRACTORS)

- (1) The total of the annuitant's retirement annuity and his gross annual contract fee may not exceed *** the current salary of the grade and step held at the time of his retirement.
- (2) Unless there is a clear and overriding operational justification, no housing expenses, cost-of-living expenses, or other payments in the nature of benefits and perquisites commonly accorded employees shall be authorized.
- (3) Operational expenses must be specifically authorized in advance by the appropriate authority.
- (4) The contract shall include a clause stating that on request of the Government, the individual shall submit to a medical evaluation by a mutually agreed-upon physician.

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- (5) The annuitant must not, in fact, be used as an employee.

To do so will invalidate the contract and may result in requiring the individual to repay a portion of the fee received under the contract. The contract agent (independent contractor) will be expected to perform tasks or hold himself available to perform them. Although general performance will be monitored, no regular day-to-day Agency supervision will be exercised. The contractor may not work in headquarters or in a station or base office nor will Government space or equipment be furnished unless it is absolutely essential from a cover or security viewpoint.

- (6) A report on the effectiveness of the contract agent's performance shall be prepared by the responsible official during the ninth month after the date of the contract and annually thereafter for its duration. The report shall be reviewed by the Operating Official concerned. ***All copies of the fitness report will be retained within the directorate.

DISTRIBUTION: AB

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